

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name PRAIRIEVILLE TOWNSHIP	County BARRY
Audit Date 3/31/04	Opinion Date 7/30/04	Date Accountant Report Submitted to State: 9/22/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Siegfried Crandall PC			
Street Address 246 East Kilgore Road	City Kalamazoo	State MI	ZIP 49002-5599
Accountant Signature 		Date 9/22/04	

Township of Prairieville
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2004

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Prairieville, Michigan**

We have audited the accompanying general purpose financial statements of the Township of Prairieville, Michigan, as of March 31, 2004, and for the year then ended, as listed in the contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Prairieville, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information, as listed in the contents, is presented for purposes of additional analysis is are not a required part of the general purpose financial statements of the Township of Prairieville, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Siegfried Crandall P.C.

July 30, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

Township of Prairieville**COMBINED BALANCE SHEET - all fund types and account groups**

March 31, 2004

	<i>Governmental fund types</i>			
	<i>General</i>	<i>Special revenue</i>	<i>Capital projects</i>	<i>Debt service</i>
ASSETS				
Cash	\$ 911,017	\$ 249,441	\$ 26,398	\$ 23,104
Cash held by fiscal agent	-	-	-	38,805
Receivables:				
Taxes	7,887	19,328	-	-
Special assessments	-	72,045	24,590	1,030,700
Due from other funds	21,017	-	-	-
Due from other governmental units	29,747	-	-	-
Long-term advance to other fund	45,000	-	-	-
Fixed assets	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
TOTAL ASSETS	\$ 1,014,668	\$ 340,814	\$ 50,988	\$ 1,092,609
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable	\$ 4,219	\$ 1,694	\$ -	\$ -
Due to other funds	-	3,392	-	-
Due to other governmental units	-	-	-	12,259
Deferred revenue	-	72,045	24,590	1,015,633
Long-term advance from other fund	-	-	45,000	-
Long-term debt	-	-	-	-
Total liabilities	4,219	77,131	69,590	1,027,892
FUND EQUITY:				
Investment in general fixed assets	-	-	-	-
Fund balance (deficit):				
Reserved for long-term advance	45,000	-	-	-
Reserved for right-of-way	968	-	-	-
Reserved for debt service	-	-	-	64,717
Unreserved - undesignated	964,481	263,683	(18,602)	-
Total fund equity	1,010,449	263,683	(18,602)	64,717
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,014,668	\$ 340,814	\$ 50,988	\$ 1,092,609

<i>Fiduciary fund type</i>	<i>Account groups</i>		<i>Totals (memorandum only)</i>
<i>Agency</i>	<i>General fixed assets</i>	<i>General long- term debt</i>	
\$ 14,545	\$ -	\$ -	\$ 1,224,505
-	-	-	38,805
-	-	-	27,215
-	-	-	1,127,335
-	-	-	21,017
3,563	-	-	33,310
-	-	-	45,000
-	811,462	-	811,462
-	-	64,717	64,717
-	-	994,076	994,076
<u>\$ 18,108</u>	<u>\$ 811,462</u>	<u>\$ 1,058,793</u>	<u>\$ 4,387,442</u>
\$ 354	\$ -	\$ -	\$ 6,267
17,625	-	-	21,017
129	-	-	12,388
-	-	-	1,112,268
-	-	-	45,000
-	-	1,058,793	1,058,793
<u>18,108</u>	<u>-</u>	<u>1,058,793</u>	<u>2,255,733</u>
-	811,462	-	811,462
-	-	-	45,000
-	-	-	968
-	-	-	64,717
-	-	-	1,209,562
<u>-</u>	<u>811,462</u>	<u>-</u>	<u>2,131,709</u>
<u>\$ 18,108</u>	<u>\$ 811,462</u>	<u>\$ 1,058,793</u>	<u>\$ 4,387,442</u>

See notes to financial statements

Township of Prairieville
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - all governmental fund types
Year ended March 31, 2004

	<u>General</u>	<u>Special revenue</u>	<u>Capital projects</u>
REVENUES:			
Taxes	\$ 124,117	\$ 304,659	\$ -
Licenses and permits	53,002	-	-
State grants	240,077	500	-
Charges for services	13,643	63,548	-
Fines and forfeitures	1,568	-	-
Interest and rentals	4,934	2,897	-
Other	<u>21,805</u>	<u>1,080</u>	<u>20,410</u>
Total revenues	<u>459,146</u>	<u>372,684</u>	<u>20,410</u>
EXPENDITURES:			
Legislative	3,845	-	-
General government	254,619	-	-
Public safety	211,128	275	-
Public works	117,884	14,295	39,012
Recreation and cultural	30,906	54,294	-
Community and economic development	11,370	-	-
Capital outlay	29,578	3,712	-
Debt service:			
Principal	51,283	-	-
Interest	<u>1,852</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>712,465</u>	<u>72,576</u>	<u>39,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(253,319)</u>	<u>300,108</u>	<u>(18,602)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	399,100	-	-
Operating transfers out	<u>-</u>	<u>(399,100)</u>	<u>-</u>
Total other financing sources (uses)	<u>399,100</u>	<u>(399,100)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	145,781	(98,992)	(18,602)
FUND BALANCE - BEGINNING OF YEAR	<u>864,668</u>	<u>362,675</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 1,010,449</u>	<u>\$ 263,683</u>	<u>\$ (18,602)</u>

<u>Debt service</u>	<u>Totals (memorandum only)</u>
\$ -	\$ 428,776
-	53,002
-	240,577
-	77,191
-	1,568
70,443	78,274
<u>185,783</u>	<u>229,078</u>
 <u>256,226</u>	 <u>1,108,466</u>
 -	3,845
-	254,619
-	211,403
-	171,191
-	85,200
-	11,370
-	33,290
234,454	285,737
<u>62,902</u>	<u>64,754</u>
 <u>297,356</u>	 <u>1,121,409</u>
 <u>(41,130)</u>	 <u>(12,943)</u>
 -	399,100
<u>-</u>	<u>(399,100)</u>
 <u>-</u>	 <u>-</u>
 (41,130)	(12,943)
<u>105,847</u>	<u>1,333,190</u>
<u>\$ 64,717</u>	<u>\$ 1,320,247</u>

See notes to financial statements

Township of Prairieville**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - *general and special revenue funds****Year ended March 31, 2004*

	<i>General Fund</i>		
	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
REVENUES:			
Taxes	\$ 112,275	\$ 124,117	\$ 11,842
Licenses and permits	42,500	53,002	10,502
State grants	299,500	240,077	(59,423)
Charges for services	15,660	13,643	(2,017)
Fines and forfeitures	2,500	1,568	(932)
Interest and rentals	10,250	4,934	(5,316)
Other	23,150	21,805	(1,345)
Total revenues	505,835	459,146	(46,689)
EXPENDITURES:			
Legislative	5,500	3,845	1,655
General government	282,325	254,619	27,706
Public safety	211,959	211,128	831
Public works	271,500	117,884	153,616
Recreation and cultural	31,500	30,906	594
Community and economic development	13,050	11,370	1,680
Capital outlay	51,950	29,578	22,372
Debt service:			
Principal	51,300	51,283	17
Interest	2,200	1,852	348
Total expenditures	921,284	712,465	208,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(415,449)	(253,319)	162,130
OTHER FINANCING SOURCES (USES):			
Operating transfers in	268,500	399,100	130,600
Operating transfers out	-	-	-
Total other financing sources (uses)	268,500	399,100	130,600
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(146,949)	145,781	292,730
FUND BALANCE - BEGINNING OF YEAR	864,668	864,668	-
FUND BALANCE - END OF YEAR	\$ 717,719	\$ 1,010,449	\$ 292,730

<i>Special revenue funds</i>			<i>Totals (memorandum only)</i>		
<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
\$ 264,000	\$ 304,659	\$ 40,659	\$ 376,275	\$ 428,776	\$ 52,501
-	-	-	42,500	53,002	10,502
500	500	-	300,000	240,577	(59,423)
65,600	63,548	(2,052)	81,260	77,191	(4,069)
-	-	-	2,500	1,568	(932)
5,100	2,897	(2,203)	15,350	7,831	(7,519)
86,400	1,080	(85,320)	109,550	22,885	(86,665)
<u>421,600</u>	<u>372,684</u>	<u>(48,916)</u>	<u>927,435</u>	<u>831,830</u>	<u>(95,605)</u>
-	-	-	5,500	3,845	1,655
-	-	-	282,325	254,619	27,706
500	275	225	212,459	211,403	1,056
30,000	14,295	15,705	301,500	132,179	169,321
51,500	54,294	(2,794)	83,000	85,200	(2,200)
-	-	-	13,050	11,370	1,680
44,500	3,712	40,788	96,450	33,290	63,160
-	-	-	51,300	51,283	17
-	-	-	2,200	1,852	348
<u>126,500</u>	<u>72,576</u>	<u>53,924</u>	<u>1,047,784</u>	<u>785,041</u>	<u>262,743</u>
<u>295,100</u>	<u>300,108</u>	<u>5,008</u>	<u>(120,349)</u>	<u>46,789</u>	<u>167,138</u>
-	-	-	268,500	399,100	130,600
(268,500)	(399,100)	(130,600)	(268,500)	(399,100)	(130,600)
<u>(268,500)</u>	<u>(399,100)</u>	<u>(130,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
26,600	(98,992)	(125,592)	(120,349)	46,789	167,138
<u>362,675</u>	<u>362,675</u>	<u>-</u>	<u>1,227,343</u>	<u>1,227,343</u>	<u>-</u>
<u>\$ 389,275</u>	<u>\$ 263,683</u>	<u>\$ (125,592)</u>	<u>\$ 1,106,994</u>	<u>\$ 1,274,132</u>	<u>\$ 167,138</u>

See notes to financial statements

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Prairieville, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements represent the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no other outside agency meets the above criteria and, therefore, no agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

b) Basis of presentation:

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Township are recorded in the separate funds and account groups, categorized, and described as follows:

i) Governmental funds:

General Fund - this fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state distributions.

Special revenue funds - these funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - this fund is used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Debt service funds - these funds are used to record the funding and payment of principal and interest on debt reported in the general long-term debt group of accounts.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b) Basis of presentation (continued):

ii) Fiduciary funds:

Agency funds - these funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

iii) Account groups:

General fixed asset account group - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain ("infra-structure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

General long-term debt account group - this account group presents the balance of general obligation long-term debt, which is not recorded in proprietary funds.

The account groups are not "funds." They are concerned only with the measurement of financial position and are not involved with measurement of results of operations.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

All governmental and fiduciary fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

d) Budgets and budgetary accounting:

The Township follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

Budgets for the general and special revenue funds are adopted at the activity level and are on a basis consistent with generally accepted accounting principles.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

e) Receivables:

All receivables are estimated to be fully collectible as presented.

f) Property tax revenue recognition:

Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on February 14, with a final collection date of February 28, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenues are recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recorded as revenue in the current year.

g) Special assessment revenue recognition:

Special assessment revenues are recorded as deferred when initially assessed. To the extent special assessments are realized, that is collected, revenues are recognized. Special assessments are recognized as revenues when they become measurable and available. Any portion of special assessments which does not meet both criteria is reported as deferred revenue. Interest income on special assessments receivable is not accrued until its due date.

h) Totals (memorandum only):

The total column on the combined statements is captioned "memorandum only" to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

NOTE 2 - CASH:

Cash, as reported in the combined balance sheet, is comprised of the following:

Deposits	\$1,224,255
Cash on hand	<u>250</u>
	<u>\$1,224,505</u>

Deposits with financial institutions:

At March 31, 2004, the Township has deposits with a carrying amount of \$1,224,255 and a bank balance of \$1,255,783. Of the bank balance, \$150,319 is covered by federal depository insurance and \$1,105,464 is uninsured.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES:

The amounts of interfund receivables and payables at March 31, 2004, are as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Fund</u>	<u>Interfund payables</u>
General	<u>\$21,017</u>	Drug	\$ 2,747
		Crooked Lake Weed	645
		Trust and Agency	212
		Tax Collection	<u>17,413</u>
			<u>\$21,017</u>

NOTE 4 - LONG-TERM ADVANCE TO OTHER FUND:

The General Fund advanced \$45,000 to the Long Point Road Fund, a capital project fund, to finance the cost of road reconstruction in 2003. No agreement concerning repayment of the advance has been established.

NOTE 5 - FIXED ASSETS:

The following is a schedule of changes in general fixed assets of the Township during the year ended March 31, 2004:

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2004</u>
Land	\$120,793	\$ 5,211	\$ -	\$126,004
Buildings	214,157	-	-	214,157
Machinery and equipment	108,135	-	20,259	87,876
Vehicles	277,010	-	-	277,010
Office equipment	<u>107,657</u>	<u>10,982</u>	<u>12,224</u>	<u>106,415</u>
Investment in general fixed assets	<u>\$827,752</u>	<u>\$16,193</u>	<u>\$32,483</u>	<u>\$811,462</u>

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG-TERM DEBT:

Long-term debt at March 31, 2004, is comprised of the following:

\$99,000 2001 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$11,000 to \$15,000, plus interest at 4.85%; final payment due April 2008.	\$ 60,000
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\$265,000 2003 special assessment limited tax general obligation bonds; payable in annual installments ranging from \$10,000 to \$20,000, plus interest ranging from 1.60% to 4.60%; final payment due June 2014.	215,000
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Special assessment district:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township of Prairieville. The Township of Prairieville has pledged its full faith and credit for the payment of its share of any such deficiency.

783,793

\$1,058,793

A summary of debt transactions of the Township for the year ended March 31, 2004, is as follows:

	<u>General long-term debt</u>
Balance at April 1, 2003:	
As previously reported	\$1,577,910
Prior period adjustments - overstatement of contract payable	<u>(233,380)</u>
As restated	1,344,530
Debt retired	<u>(285,737)</u>
Balance at March 31, 2004	<u>\$1,058,793</u>

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - LONG-TERM DEBT (Continued):

The annual debt service requirements, including interest of \$263,615, for debt outstanding, as of March 31, 2004, are as follows:

2005	\$ 185,045
2006	198,947
2007	190,927
2008	182,838
2009	174,672
Thereafter	<u>389,979</u>
	<u>\$1,322,408</u>

NOTE 7 - JOINT VENTURE:

BPH Fire is a joint venture of Barry, Prairieville, and Hope Townships. Each township is required to contribute one-third of the budgeted expenditures. In accordance with the joint venture agreement, the Township remitted \$23,339 to BPH Fire during the year ended March 31, 2004. The Township has no equity interest in BPH Fire. Complete financial statements can be obtained from the Clerk of the Township of Barry.

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate from the date they begin service. The Township contributes annually 10% of the employees' base salary. The Township's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets. The Township made the required contribution for the year in the amount of \$10,998.

NOTE 9 - CLAIMS ARISING FROM RISKS OF LOSS:

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation.

The risks of loss arising from general liability up to \$1,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2004, is as follows:

Revenues	\$35,772
Expenses	<u>39,804</u>
Deficiency of revenues over expenses	<u>\$ (4,032)</u>

NOTE 11 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:

P.A. 621 of 1978, Section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity level basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated.

The following schedule sets forth significant budget variations.

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Inspections	\$ 36,650	\$ 39,804	\$ 3,154
Police Dispatch	Other financing uses transfer to general fund		78,500	104,500	26,000
Park Maintenance	Recreation and culture		51,500	54,294	2,794
Fire	Other financing uses transfer to general fund		100,000	157,100	57,100
Road	Other financing uses transfer to general fund		87,500	135,000	47,500
Crooked Lake Weed Control	Public works	Weed control	-	1,050	1,050

Township of Prairieville
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - ACCUMULATED DEFICITS:

The Crooked Lake Weed Control Fund, a special revenue fund, has an accumulated deficit fund balance in the amount of \$645. The deficit is the result of the expenditures incurred to establish a new special assessment district. The deficit will be eliminated when special assessments are collected in the subsequent year.

The Long Point Road Fund, a capital project fund, has an accumulated deficit fund balance in the amount of \$18,602. The deficit is the result of revenues inadequate to cover the costs of a road reconstruction project. The deficit will be eliminated through the collection of special assessments in subsequent years.

NOTE 13 - PRIOR PERIOD ADJUSTMENT:

A prior period adjustment has been recorded in 2004 that resulted in a fund equity restatement. Fund equity as of April 1, 2003, included in the general purpose financial statements, represents a restated balance as presented below. The following schedule identifies the nature and amount of the adjustment recorded:

Debt service funds - fund balance, beginning of year:	
As previously reported	\$ 43,217
Prior period adjustment - understatement of cash held by fiscal agent	<u>62,630</u>
As restated	<u>\$105,847</u>

SUPPLEMENTARY INFORMATION

Township of Prairieville**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND****BALANCE - BUDGET AND ACTUAL - General Fund**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES:			
Taxes:			
Property taxes	\$ 92,000	\$ 95,772	\$ 3,772
Tax collection fees	20,100	28,345	8,245
Trailer park fees	175	-	(175)
Total taxes	<u>112,275</u>	<u>124,117</u>	<u>11,842</u>
Licenses and permits:			
Construction code permits	34,500	40,676	6,176
Cable franchise fees	8,000	12,326	4,326
Total licenses and permits	<u>42,500</u>	<u>53,002</u>	<u>10,502</u>
State grants:			
State shared revenue	235,000	227,342	(7,658)
Scrap tire grant	62,500	11,000	(51,500)
Other	2,000	1,735	(265)
Total state grants	<u>299,500</u>	<u>240,077</u>	<u>(59,423)</u>
Charges for services:			
Cemetery operations	8,900	6,916	(1,984)
Summer tax collection fees	5,400	5,400	-
Other	1,360	1,327	(33)
Total charges for services	<u>15,660</u>	<u>13,643</u>	<u>(2,017)</u>
Fines and forfeitures	<u>2,500</u>	<u>1,568</u>	<u>(932)</u>
Interest and rentals:			
Interest income	10,000	4,846	(5,154)
Hall and table rentals	250	88	(162)
Total interest and rentals	<u>10,250</u>	<u>4,934</u>	<u>(5,316)</u>
Other	<u>23,150</u>	<u>21,805</u>	<u>(1,345)</u>
Total revenues	<u>505,835</u>	<u>459,146</u>	<u>(46,689)</u>

Township of Prairieville**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES:			
Legislative - Township Board	\$ 5,500	\$ 3,845	\$ 1,655
General government:			
Supervisor	27,850	27,627	223
Elections	4,575	500	4,075
Assessor	27,600	27,190	410
Clerk	28,700	28,696	4
Board of review	650	1,040	(390)
Treasurer	26,250	25,813	437
Township hall	15,050	9,184	5,866
Cemeteries	23,500	19,153	4,347
Administration	128,150	115,416	12,734
Total general government	282,325	254,619	27,706
Public safety:			
Police department	94,984	96,261	(1,277)
Fire protection	80,325	75,063	5,262
Inspections	36,650	39,804	(3,154)
Total public safety	211,959	211,128	831
Public works:			
Road maintenance	198,000	103,958	94,042
Street lighting	8,000	2,356	5,644
Scrap tire program	65,500	11,570	53,930
Total public works	271,500	117,884	153,616
Recreation and cultural - library	31,500	30,906	594
Community and economic development - planning and zoning	13,050	11,370	1,680
Capital outlay	51,950	29,578	22,372

Township of Prairieville**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued):			
Debt service:			
Principal	<u>\$ 51,300</u>	<u>\$ 51,283</u>	<u>\$ 17</u>
Interest	<u>2,200</u>	<u>1,852</u>	<u>348</u>
Total expenditures	<u>921,284</u>	<u>712,465</u>	<u>208,819</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(415,449)</u>	<u>(253,319)</u>	<u>162,130</u>
OTHER FINANCING SOURCES:			
Operating transfers in:			
Police Fund	78,500	104,500	26,000
Fire Fund	100,000	157,100	57,100
Road Fund	87,500	135,000	47,500
Cemetery Trust	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total other financing sources	<u>268,500</u>	<u>399,100</u>	<u>130,600</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(146,949)</u>	<u>145,781</u>	<u>292,730</u>
FUND BALANCE - BEGINNING OF YEAR	<u>864,668</u>	<u>864,668</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 717,719</u>	<u>\$ 1,010,449</u>	<u>\$ 292,730</u>

Township of Prairieville
COMBINING BALANCE SHEET - *special revenue funds*
March 31, 2004

	<u>Drug</u>	<u>Police Dispatch</u>	<u>Park Maintenance</u>
ASSETS			
Cash	\$ 3,831	\$ 59,025	\$ 32,833
Receivables:			
Taxes	-	5,184	-
Special assessments	-	-	-
TOTAL ASSETS	<u>\$ 3,831</u>	<u>\$ 64,209</u>	<u>\$ 32,833</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 194
Due to other funds	2,747	-	-
Deferred revenue	-	-	-
Total liabilities	2,747	-	194
FUND BALANCE (DEFICIT):			
Unreserved - undesignated	<u>1,084</u>	<u>64,209</u>	<u>32,639</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,831</u>	<u>\$ 64,209</u>	<u>\$ 32,833</u>

<u>Fire</u>	<u>Road</u>	<u>Cemetery</u>	<u>Police Training</u>	<u>Pine Lake Weed Control</u>	<u>Crooked Lake Weed Control</u>	<u>Totals (memorandum only)</u>
\$ 55,133	\$ 4,053	\$ 38,059	\$ 454	\$ 56,053	\$ -	\$ 249,441
8,341	5,803	-	-	-	-	19,328
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,045</u>	<u>72,045</u>
<u>\$ 63,474</u>	<u>\$ 9,856</u>	<u>\$ 38,059</u>	<u>\$ 454</u>	<u>\$ 56,053</u>	<u>\$ 72,045</u>	<u>\$ 340,814</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ 1,694
-	-	-	-	-	645	3,392
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,045</u>	<u>72,045</u>
-	-	-	-	1,500	72,690	77,131
<u>63,474</u>	<u>9,856</u>	<u>38,059</u>	<u>454</u>	<u>54,553</u>	<u>(645)</u>	<u>263,683</u>
<u>\$ 63,474</u>	<u>\$ 9,856</u>	<u>\$ 38,059</u>	<u>\$ 454</u>	<u>\$ 56,053</u>	<u>\$ 72,045</u>	<u>\$ 340,814</u>

Township of Prairieville**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - *special revenue funds****Year ended March 31, 2004*

	<u>Drug</u>	<u>Police Dispatch</u>	<u>Park Maintenance</u>
REVENUES:			
Property taxes	\$ -	\$ 81,821	\$ -
State grants	-	-	-
Charges for services	405	-	63,143
Interest	-	808	373
Other - special assessments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>405</u>	<u>82,629</u>	<u>63,516</u>
EXPENDITURES:			
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	54,294
Capital outlay	798	-	2,914
	<u>798</u>	<u>-</u>	<u>57,208</u>
Total expenditures	<u>798</u>	<u>-</u>	<u>57,208</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(393)	82,629	6,308
OTHER FINANCING USES:			
Operating transfers out	-	(104,500)	-
	<u>-</u>	<u>(104,500)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(393)	(21,871)	6,308
FUND BALANCE - BEGINNING OF YEAR	<u>1,477</u>	<u>86,080</u>	<u>26,331</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 1,084</u>	<u>\$ 64,209</u>	<u>\$ 32,639</u>

<u>Fire</u>	<u>Road</u>	<u>Cemetery</u>	<u>Police Training</u>	<u>Pine Lake Weed Control</u>	<u>Crooked Lake Weed Control</u>	<u>Totals (memorandum only)</u>
\$ 131,877	\$ 90,961	\$ -	\$ -	\$ -	\$ -	\$ 304,659
-	-	-	500	-	-	500
-	-	-	-	-	-	63,548
849	506	361	-	-	-	2,897
-	-	-	-	675	405	1,080
<u>132,726</u>	<u>91,467</u>	<u>361</u>	<u>500</u>	<u>675</u>	<u>405</u>	<u>372,684</u>
-	-	-	275	-	-	275
-	-	-	-	13,245	1,050	14,295
-	-	-	-	-	-	54,294
-	-	-	-	-	-	3,712
<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>13,245</u>	<u>1,050</u>	<u>72,576</u>
132,726	91,467	361	225	(12,570)	(645)	300,108
<u>(157,100)</u>	<u>(135,000)</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,100)</u>
(24,374)	(43,533)	(2,139)	225	(12,570)	(645)	(98,992)
<u>87,848</u>	<u>53,389</u>	<u>40,198</u>	<u>229</u>	<u>67,123</u>	<u>-</u>	<u>362,675</u>
<u>\$ 63,474</u>	<u>\$ 9,856</u>	<u>\$ 38,059</u>	<u>\$ 454</u>	<u>\$ 54,553</u>	<u>\$ (645)</u>	<u>\$ 263,683</u>

Township of Prairieville**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - *Park Maintenance Fund****Year ended March 31, 2004*

	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
REVENUES:			
Charges for services - park fees	\$ 65,100	\$ 63,143	\$ (1,957)
Interest	500	373	(127)
Other	<u>29,400</u>	<u>-</u>	<u>(29,400)</u>
Total revenues	<u>95,000</u>	<u>63,516</u>	<u>(31,484)</u>
EXPENDITURES:			
Recreation and cultural:			
Salaries	4,000	3,180	820
Park administrator	22,000	20,000	2,000
Payroll taxes	3,000	1,773	1,227
Audit	500	500	-
Caretakers	4,800	4,612	188
Insurance	2,200	3,022	(822)
Utilities	2,000	2,908	(908)
Repairs and maintenance	11,050	16,606	(5,556)
Operating supplies	1,000	1,216	(216)
Miscellaneous	<u>950</u>	<u>477</u>	<u>473</u>
Total recreation and cultural	51,500	54,294	(2,794)
Capital outlay	<u>43,500</u>	<u>2,914</u>	<u>40,586</u>
Total expenditures	<u>95,000</u>	<u>57,208</u>	<u>37,792</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	6,308	6,308
FUND BALANCE - BEGINNING OF YEAR	<u>26,331</u>	<u>26,331</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 26,331</u>	<u>\$ 32,639</u>	<u>\$ 6,308</u>

Township of Prairieville
COMBINING BALANCE SHEET - debt service funds
March 31, 2004

	<u>Southwest Barry Water & Sewer</u>	<u>Little Long Lake Sewer</u>	<u>Crooked Lake Drive</u>	<u>Totals (memorandum only)</u>
ASSETS				
Cash	\$ -	\$ -	\$ 23,104	\$ 23,104
Cash held by fiscal agent	-	38,805	-	38,805
Special assessments receivable	<u>783,793</u>	<u>204,614</u>	<u>42,293</u>	<u>1,030,700</u>
TOTAL ASSETS	<u>\$ 783,793</u>	<u>\$ 243,419</u>	<u>\$ 65,397</u>	<u>\$ 1,092,609</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Due to other governmental units	\$ 12,259	\$ -	\$ -	\$ 12,259
Deferred revenue	<u>771,534</u>	<u>202,320</u>	<u>41,779</u>	<u>1,015,633</u>
Total liabilities	783,793	202,320	41,779	1,027,892
FUND BALANCE:				
Reserved for debt service	<u>-</u>	<u>41,099</u>	<u>23,618</u>	<u>64,717</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 783,793</u>	<u>\$ 243,419</u>	<u>\$ 65,397</u>	<u>\$ 1,092,609</u>

Township of Prairieville**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - debt service funds***Year ended March 31, 2004*

	<i>Southwest Barry Water & Sewer</i>	<i>Little Long Lake Sewer</i>	<i>Crooked Lake Drive</i>	<i>Totals (memorandum only)</i>
REVENUES:				
Interest	\$ 55,606	\$ 11,210	\$ 3,627	\$ 70,443
Other	<u>150,483</u>	<u>24,730</u>	<u>10,570</u>	<u>185,783</u>
Total revenues	<u>206,089</u>	<u>35,940</u>	<u>14,197</u>	<u>256,226</u>
EXPENDITURES:				
Debt service:				
Principal	156,454	50,000	28,000	234,454
Interest	<u>49,635</u>	<u>7,471</u>	<u>5,796</u>	<u>62,902</u>
Total expenditures	<u>206,089</u>	<u>57,471</u>	<u>33,796</u>	<u>297,356</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	-	(21,531)	(19,599)	(41,130)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>62,630</u>	<u>43,217</u>	<u>105,847</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 41,099</u>	<u>\$ 23,618</u>	<u>\$ 64,717</u>

Township of Prairieville
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
all agency funds
Year ended March 31, 2004

	<i>Balance April 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance March 31, 2004</i>
AGENCY FUND				
ASSETS				
Cash	\$ 417	\$ 196	\$ 47	\$ 566
LIABILITIES				
Due to other funds	\$ 16	\$ 196	\$ -	\$ 212
Due to other governmental units	47	-	47	-
Due to others	354	-	-	354
TOTAL LIABILITIES	\$ 417	\$ 196	\$ 47	\$ 566
TAX COLLECTION FUND				
ASSETS				
Cash	\$ 30,995	\$ 2,942,082	\$ 2,959,098	\$ 13,979
Due from other governmental units	3,563	-	-	3,563
TOTAL ASSETS	\$ 34,558	\$ 2,942,082	\$ 2,959,098	\$ 17,542
LIABILITIES				
Due to other funds	\$ 16,863	\$ 470,785	\$ 470,235	\$ 17,413
Due to other governmental units	17,695	2,471,297	2,488,863	129
TOTAL LIABILITIES	\$ 34,558	\$ 2,942,082	\$ 2,959,098	\$ 17,542
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 31,412	\$ 2,942,278	\$ 2,959,145	\$ 14,545
Due from other governmental units	3,563	-	-	3,563
TOTAL ASSETS	\$ 34,975	\$ 2,942,278	\$ 2,959,145	\$ 18,108
LIABILITIES				
Due to other funds	\$ 16,879	\$ 470,981	\$ 470,235	\$ 17,625
Due to other governmental units	17,742	2,471,297	2,488,910	129
Due to others	354	-	-	354
TOTAL LIABILITIES	\$ 34,975	\$ 2,942,278	\$ 2,959,145	\$ 18,108